

ANCHOR BCI BOND FUND

A CLASS | October 2023

Minimum Disclosure Document | Issued 10 November 2023

ANCHOR

NAVIGATING
CHANGE

INVESTMENT OBJECTIVE

The **Anchor BCI Bond Fund** seeks to achieve an investment medium for investors, with its main objective being the maximum total return by primarily investing in bonds.

INVESTMENT PHILOSOPHY

The investments normally to be included in the portfolio will comprise a combination of assets in liquid form and a combination of gilts and interest-bearing securities, including loan stock, semi-gilts, notes, debentures, debenture bonds, preference shares, money-market instruments, bonds, corporate debt, convertible equities and non-equity securities. The portfolio may, from time to time, invest in listed and unlisted financial instruments. The manager may also include forward currency, interest rate and exchange-rate swap transactions for efficient portfolio management purposes.

FUND INFORMATION

Risk profile:

LOW LOW-MOD MOD MOD-HIGH HIGH

Inception Date 08 Feb 2016
Benchmark JSE All Bond Index (ALBI)

Fund Classification SA Interest Bearing Variable Term
Distributions Quarterly Declaration Date:
31 Mar/30 Jun/30 Sep/31 Dec

Fees (Incl. VAT):

Annual Management Fee 0.63%
Total Expense Ratio (TER) Jun 23: 0.65% (PY): 0.65%

Portfolio Value R2853.32 mn
Unit Price 94.17 cpu

MONTHLY RETURNS (%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2023	3.0	-0.7	1.3	-1.1	-5.0	4.7	2.1	0.0	-2.7	2.0			3.3
2022	0.7	0.7	0.0	-1.6	1.0	-3.5	2.9	0.1	-2.2	0.8	4.2	0.4	3.4
2021	0.7	-0.2	-2.6	2.2	3.5	1.2	0.7	1.7	-2.1	-0.5	0.3	2.9	7.9
2020	1.1	0.3	-10.7	4.1	7.7	-0.7	-0.1	0.8	-0.3	0.8	3.4	2.4	8.0
2019	2.8	0.0	1.0	1.1	0.6	1.9	-0.4	1.4	0.2	-0.7	0.8	1.8	11.1
2018	1.5	3.2	2.1	-0.5	-1.4	-1.3	2.6	-2.4	0.3	-1.5	4.1	0.4	7.0
2017	1.3	1.0	0.6	1.4	1.1	-0.5	1.4	1.3	1.1	-1.9	-0.3	4.7	11.6
2016		-0.3	2.1	1.6	-1.3	4.0	1.8	-1.1	2.8	0.6	-1.3	1.4	10.7

RISK PROFILE: LOW-MODERATE

- This portfolio has relatively low equity exposure, resulting in relatively low volatility compared to higher risk portfolios.
- Where the asset allocation contained in this MDD reflects offshore exposure, the portfolio is exposed to currency risks.
- The portfolio is exposed to default and interest rate risks.
- The portfolio is suitable for medium-term investment horizons.
- The expected potential long term investment returns are lower over the medium to long term than higher risk portfolios.

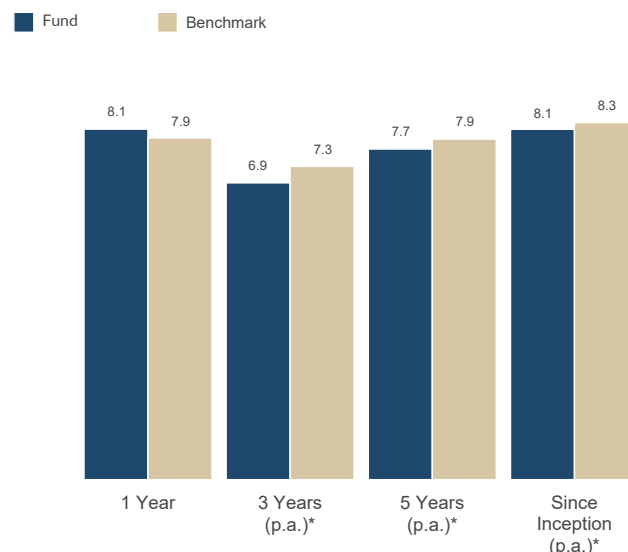
FUND PERFORMANCE SINCE INCEPTION

Growth of R100 investment (cumulative).



Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for the amount shown with income reinvested on reinvestment date.

FUND PERFORMANCE AT 31 OCT 2023 (%)



*Annualised return is the weighted average compound growth rate over the period measured.



Nominal Bonds - 97.5 Floating Rate Bonds - 2.3 Cash - 0.2

FUND MANAGER



Nolan Wapenaar

INFORMATION & DISCLOSURES

ISIN Number ZAE000212874
 Distributions 2021 (CPU) Dec 2.23 | 2022 (CPU) Mar 2.17; Jun 2.25; Sep 2.24; Dec 2.24 | 2023 (CPU) Mar 2.27; Jun 2.30; Sep 2.25

INVESTMENT MANAGER

Anchor Capital (Pty) Ltd is an authorised Financial Services Provider FSP 39834.
 • Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge or can be accessed on our website (www.bcis.co.za)
 • Valuation takes place daily and prices can be viewed on our website (www.bcis.co.za) or in the daily newspaper.
 • Actual annual percentage figures are available to existing investors on request.
 • Upon request the Manager will provide the investor with quarterly portfolio investment holdings reports.

SUBSCRIPTIONS

Valuation time 15h00
 Transaction cut-off time 14h00
 Payment reference Initials and Surname
 Minimum investment amount None*

Please send proof of deposit to fax (011) 263 6152 or e-mail instructions@bci-transact.co.za
 *Fixed Administration Fee: R15 excluding VAT which will apply to all direct investor accounts with balances of less than R100 000 at month end, unless an investor transacts online, in which case no such fee will be levied.

MANAGEMENT COMPANY INFORMATION

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FAIS CONFLICT OF INTEREST DISCLOSURE

Please note that your financial advisor may be a related party to the co-naming partner and/or BCI. It is your financial advisor's responsibility to disclose all fees he/she receives from any related party. The portfolio's TER includes all fees paid by portfolio to BCI, the trustees, banks, the co-naming partner, underlying portfolios, and any other investment consultants/managers as well as distribution fees and LISP rebates, if applicable. The portfolio's performance numbers are calculated net of the TER expenses. The investment manager earns a portion of the service charge and performance fees where applicable. In some instance portfolios invest in other portfolios which forms part of the BCI Schemes. These investments will be detailed in this document, as applicable. Boutique Collective Investments adopted the ASISA Standard on Effective Annual Cost ("EAC"). The EAC measure allows you to compare charges on your investments as well as their impact on your investment returns prior to investing. For further information regarding the ASISA Standard on Effective Annual Cost and access to the EAC calculator please visit our website at www.bcis.co.za. BCI calculates the EAC as per the ASISA standard for a period of 3 years up until the most recent TER reporting period.

DISCLAIMER

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No45 of 2002 and is a full member of the Association for Savings and Investment SA. Collective Investment Schemes in securities are generally medium to long term investments. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. The Manager does not guarantee the capital or the return of a portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. BCI reserves the right to close the portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Performance figures quoted for the portfolio are from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. Investments in foreign securities may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information. Should the portfolio invest into another Anchor BCI co-named portfolio, the investing fund will be reimbursed for any net investment management fees incurred by the investment so that there is no additional fee payable to Anchor.

Certain investments - including those involving futures, options, equity swaps, and other derivatives may give rise to substantial risk and might not be suitable for all investors. Income funds derive their income from interest-bearing instruments in accordance with Section 100(2) of the Act. The yield is a current yield and is calculated daily. Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, BCI does not accept any responsibility for any claim, damages, loss or expense, however it arises, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of BCI/the Manager's products. Access the BCI Privacy Policy and the BCI Terms and Conditions on the BCI website (www.bcis.co.za).

Republic Of South Africa - 2037 Bond	19.5
Republic Of South Africa - 2035 Bond	13.3
Republic Of South Africa - 2040 Bond	11.7
Republic Of South Africa - 2032 Bond	11.0
Republic Of South Africa - 2030 Bond	7.9
Republic Of South Africa - 2044 Bond	7.2
Republic Of South Africa - 2031 Bond	7.0
Standard Bank of South Africa Limited - 2028 Bond	5.3
Republic Of South Africa - 2036 Bond	1.7
Republic of South Africa - 2048 Bond	1.5

FUND MANAGER COMMENTARY AT 31 OCT 2023

After 18 months of aggressively raising interest rates to combat inflation, the US economy is again showing signs of acceleration. This has tightened financial conditions aggressively over recent months. The squeeze is driven by a combination of factors, including better-than-expected US economic data, a deteriorating US fiscal outlook, and the US Federal Reserve's (Fed) indication that it will likely maintain higher interest rates for an extended period. One of the notable developments is the rise in US bond yields, which have now reached levels not seen since 2006-2007. The increase in yields has been more pronounced for longer-dated bonds. Since 30 June 2023, 2-year, 10-year, and 30-year US bond yields have surged by 19 bps, 107 bps, and 120 bps, respectively. As a result, the US yield curve, which had been inverted since July 2022, is now disinverting, with the 2v10 spread narrowing from -106 bps to -18 bps during the same period. This trend is not limited only to the US, as other advanced economies are also experiencing tightening financing conditions coupled with a slowdown in economic growth. Meanwhile, China is actively implementing measures to stimulate its economy, and the Bank of Japan (BOJ) has made adjustments to its yield curve control policy by allowing the Japanese 10-year bond yield to drift above 1%, redefining this threshold as a loose reference point rather than a rigid interest rate cap. Looking domestically, headline inflation has accelerated once again, reaching 5.4% YoY in September, up from 4.8% YoY in August. Notably, core inflation, excluding the volatile food and fuel categories, moderated to 4.5% YoY from 4.8% YoY in August, a downward movement that exceeded market expectations. The derivatives market continues to price in at least one more interest rate hike, albeit with a reduced probability compared to September. On the fiscal front, domestically, a sizeable revenue shortfall is expected, which will worsen fiscal deficits and debt metrics. Renewed inflation risks, a considerable revenue shortfall, and higher US yields have kept SA bond yields elevated, in particular long-dated bonds. Elevated US yields, extensive loadshedding, and increased social and political tensions have contributed to curve steepening and rand depreciation. The fund is strategically managed to secure an attractive return by investing primarily in a range of fixed-rate government and corporate bonds.

FEE DETAILS

	Class A
Initial fees (BCI) (incl. VAT)	0%
Annual Management Fee (incl VAT)	
Class A	0.63%
Performance Fee	None
TER and Transaction Cost (incl VAT)	
Basic	Jun 23: 0.65% (PY): 0.65%
Portfolio Transaction Cost	Jun 23: 0.00% (PY): 0.00%
Total Investment Charge	Jun 23: 0.65% (PY): 0.65%

A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. Transaction Costs are a necessary cost in administering the Fund and impacts Fund returns. The TIC should not be considered in isolation as returns may be impacted by many other factors over me including market returns, the type of Fund, the investment decisions of the investment manager and the TER. The TER and Transaction cost calculations are based upon the portfolio's direct costs for the financial year ended 30 June 2023, whilst the underlying portfolios ratio and cost calculations are based upon their most recent published figures, being 30 June 2023.

CUSTODIAN / TRUSTEE INFORMATION

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